



KATHLEEN BABINEAUX BLANCO
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF RISK MANAGEMENT

JERRY LUKE LEBLANC
COMMISSIONER OF ADMINISTRATION

April 4, 2005

**AMENDMENT NO. 1
REVISIONS
ISSUED BY THE DIVISION OF ADMINISTRATION-
OFFICE OF RISK MANAGEMENT**

Bid Proposal No.: FEC-18

**FOR: Excess Following Form Blanket All Risk (Including Earthquake and Flood) Building and Personal Property Coverage – Various Louisiana Properties (Buildings and Contents)
Bid Opening Date: May 24, 2005 10:00 A.M.**

This amendment provides for clarification and additional information. **Because this amendment applies to pages that do have to be returned with a bid quotation, this amendment must be signed and returned.**

If you have any questions concerning this amendment, please call Melissa Harris at (225) 342-8414.

Revision 1

IFB Reference: Part IV, General Bid Information, 6. Insurance Required, 6.1, 6.1.5 and 6.1.6
Pages No.: 17-18 of 129

The requested amount of insurance has been clarified at \$500,000,000 (Item 6.1) and a bidder/contractor's bid will not be considered unless quotations are provided to this limit (Item 6.1.6).

Also, the Total Insurable Value in Item 6.1.5 has been revised to the correct figure.

Please use these revised pages in lieu of original pages.

Revision 2

IFB Reference: Exhibit VII, Bidder's Checklist
Page No.: 28 of 129

A line item referring to the \$500,000,000 limit has been included as number 20. Please use this revised page in lieu of the original page.

Revision 3

IFB Reference: Schedule A, Underwriting Information, I. Schedule of Current Coverage
Page No.: 30 of 129

This section is deleted in its entirety and replaced with the 2004-2005 Property Program spreadsheet found at the ORM website, www.doa.louisiana.gov/orm/uwnnewbid.htm. This new schedule does NOT have to be returned with your bid quotation.

Revision 4

IFB Reference: Schedule A, Underwriting Information,
Page No.: 31 of 129

Property Losses, excluding flood losses, has been added to this section as E. Please use this revised page in lieu of the original page.

Revision 5

IFB Reference: Schedule of Property Values Report
Page No.: N/A – found on website only

The Schedule of Property Values report has been revised due to some errors found in its calculations. The report in Excel format can be found at the website www.doa.louisiana.gov/orm/uwnnewbid.htm. The correct report has an As of Date of 3/29/2005. Please use this revised report in lieu of the original report. This new schedule does NOT have to be returned with your bid quotation.

Revision 6

IFB Reference: Flood Exposures – Sorted By Flood Zone
Flood Exposures – Sorted By Parish
Page No.: N/A – found on website only

The two listed reports show the real and personal property values exposed to the flood peril. The building value is calculated as the square footage of the first floor multiplied by the value per square foot per building and then all values totaled per flood zone/parish. The personal property/contents value does include specific contents, such as fine arts, livestock, boats, computer equipment, along with general contents, such as desks, chairs, filing cabinets, etc. that are exposed to the flood peril. This value does NOT include business income figures.

This amendment must be signed and returned with your bid quotation.

Bidding Agent's Signature

Amendment No. 1 – Page 3 of 7					
PROPOSAL NO.	*	INVITATION FOR BID	*	DATE	*
	*	PART IV	*		*
FEC-18	*	GENERAL BID	*	May 24, 2005	*
		INFORMATION			
					PAGE
					REVISED
					17 of 129

3.2.1.1 giving the designated authorized representative of the insurance agency authority to tender a premium quotation on behalf of the insurance company.

3.2.1 Bid bond in an amount equal to at least 10% of the Net Annual Installment Premium reflected on EXHIBIT I of these specifications or \$100,000, whichever is more. Bid bonds for 10% of Net Annual Premium can be rounded to nearest dollar.

3.1 The bidder/contractor **must** submit with its response to this IFB, a certificate of insurance showing proof of errors and omissions coverage on the agent and/or broker with limits of liability of at least \$1,000,000. This errors and omissions coverage must be maintained throughout the period of this contract.

3.2 The bidder/contractor **must** submit a narrative description of the claim service it proposes to provide. The narrative should include, but not necessarily limited to, a description of the claim handling procedures (routine processing) commencing with the date of loss, reaction time on claims and length of time before a claims payment will be made. The bidder/contractor **shall** be held contractually responsible for information provided in EXHIBIT IV.

4. Schedule of Property Values and Assessment of Premium

ORM maintains the schedule of property values at its own expense. Therefore, the bidder/contractor will not need to include a charge for this service in the premium quotation. Successful vendor will be furnished a copy of this schedule on an annual basis.

5. Building Appraisals, Claim Details, Agency Contacts

5.1 Appraisal files and claim details pertaining to the present blanket property policy are available for inspection by all interested bidders/contractors on Monday through Friday (between the hours of 8:00 A.M. and 3:00 P.M.) at 1201 North Third Street, Suite G-192, Baton Rouge, Louisiana. **Review of the files shall be by appointment only.**

6. Insurance Required

6.1 The contractor shall provide excess following form blanket all risk (including earthquake and flood) building and personal property coverage in the amount of \$500,000,000, which must equal or exceed the coverage provided in the underlying self-insurance policy (reflected in Schedule B of these specifications) issued by ORM subject to items 6.1.1 through 6.1.8 below.

6.1.1 The company **shall** be liable in respect to each and every loss occurrence irrespective of the number and kinds of risks involved only for the excess over and above the underlying self-insurance policy (reflected in Schedule B of these specifications) issued by ORM.

6.1.2 It is warranted by the insured that in respect to each and every loss occurrence the initial net loss set forth in paragraph 6.1.1 above **shall** be retained at the insured's own risk and not insured in any way.

6.1.3 A copy of the underlying self-insurance policy forms and endorsements can be found in Schedule B of these specification. **The following forms/coverages (see underlying policy) do not apply and are to be excluded from the policy(ies)**

Amendment No. 1 – Page 4 of 7					
PROPOSAL NO.	*	INVITATION FOR BID	*	DATE	*
	*	PART IV	*		*
FEC-18	*	GENERAL BID	*	May 24, 2005	*
		INFORMATION			
					PAGE REVISED 18 of 129

to be issued as a result of the award of this contract.

Endorsement "A" (Basic Procedures for Property Damage Claims)

Endorsement "F" (Additional Language)

Inland Marine Floater BP0001

Form A - Coverage for Animals, including but not limited to Livestock, Thoroughbreds & Barnyard fowl

Form C - Registered Mail Form

6.1.4 The excess following form blanket all risk (including earthquake and flood) building and personal property coverage must provide replacement cost coverage on all building structures and actual cash value coverage on all personal property. The only exceptions being the following:

- ▶ Movable building structures will be afforded coverage on an actual cash value basis.
- ▶ Personal property purchased through the Louisiana Public Facilities Authority or the Third Party Financing Master Installment Purchase Agreement **must** be insured as indicated in Schedule B of these specifications.

6.1.5 Quotation is to be based on the following:

- ▶ Total insurable value of \$10,595,829,234 as reflected in Schedule A of these specifications, as of 01/31/2005.
- ▶ Flood/Earthquake limit **shall** be \$100,000,000 per occurrence with \$100,000,000 aggregate for each annual policy period, **less the Self-Insured limit.** Flood exposure data can be found in Schedule A of these specifications. This \$100,000,000 aggregate limit does not apply separately for each peril. All covered loss resulting from the perils of flood and earthquake would apply to the aggregate.

6.1.6 Quotations by layer will be submitted as shown on Exhibit I Bid Quotation Form. **Bids will be disqualified if quotations are not provided to the \$500,000,000 limit requested.**

6.1.7 The bid will be awarded based on the quoted Net Annual Installment Premium of Layer 1, \$25,000,000 excess of \$25,000,000 only. ORM reserves the right to purchase any layer(s) at the costs quoted on the awarded bid.

6.1.8 Policy of insurance **shall** include the *General Required* and *Special Required* Endorsements reflected in Part Two of these specifications.

6.1.9 Named Insured and Address

State of Louisiana, All Agencies, Boards and Commissions
c/o Office of Risk Management
Post Office Box 91106
Baton Rouge, Louisiana 70821-9106

Amendment No. 1 – Page 5 of 7					
PROPOSAL NO.	*	INVITATION FOR BID	*	DATE	*
	*	EXHIBIT VII	*		*
FEC-18	*	BIDDER'S CHECK LIST	*	May 24, 2005	*
					PAGE
					REVISED
					28 of 129

EXHIBIT VII
BIDDER'S CHECK LIST

YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	15. Were premium quotations indicated on EXHIBIT I, page 22 (per page Error! Bookmark not defined., items 2.1 and 2.2.)?
<input type="checkbox"/>	<input type="checkbox"/>	16. Was commission return percentage factor reflected on EXHIBIT I, page 22 (per page Error! Bookmark not defined., item 2.4)?
<input type="checkbox"/>	<input type="checkbox"/>	17. Are responses to questions on EXHIBIT III, page Error! Bookmark not defined. in compliance with requirements in Item 1.1.2 on page Error! Bookmark not defined.?
<input type="checkbox"/>	<input type="checkbox"/>	18. Was hourly rate for engineering service indicated on Exhibit II, page Error! Bookmark not defined. (per page Error! Bookmark not defined., item 6.1)?
<input type="checkbox"/>	<input type="checkbox"/>	19. Were any engineering service deviations submitted on Exhibit VI, page Error! Bookmark not defined. (per page Error! Bookmark not defined., item 6.2)?
<input type="checkbox"/>	<input type="checkbox"/>	20. Quotations provided for all layers up to \$500,000,000 (per page 18, item 6.1.6).

Amendment No. 1 – Page 6 of 7					
PROPOSAL NO.	*	INVITATION FOR BID	*	DATE	*
	*	SCHEDULE A	*		*
FEC-18	*	UNDERWRITING	*	May 24, 2005	*
		INFORMATION			
					PAGE
					REVISED
					30 of 129

I. SCHEDULE OF CURRENT COVERAGE

See 2004-2005 Property Program spreadsheet at www.doa.louisiana.gov/orm/uwnnewbid.htm

II. PRIOR PREMIUM INFORMATION (as of 02/23/2005)

Policy Period	Total Property Value	ORM Retention	ORM Aggregate	Premium	Policy Limit
07-01-99/00	\$8,143,491,831	\$1,000,000	\$5,000,000	\$3,211,500	\$1,000,000,000
07-01-00/01	\$8,587,569,532	\$1,000,000	\$5,000,000	\$3,386,594	\$1,000,000,000
07-01-01/02	\$8,850,699,501	\$1,000,000	\$5,000,000	\$8,000,000	\$500,000,000
07-01-02/03	\$9,558,562,062	\$50,000,000	-0-	\$4,915,758	\$300,000,000
07-01-03/04	\$10,081,511,637	\$25,000,000	-0-	\$7,954,176	\$600,000,000
07-01-04/05	\$10,594,854,846	\$7,500,000	-0-	\$8,078,959	\$600,000,000

III. LOSS EXPERIENCE

A. BLANKET PROPERTY COVERAGE (as of 02/23/2005)

1. Loss experience information using actual retention and annual aggregate limits which were in effect during the period of July 1, 1999/ July 1, 2004.
2. Column titled *Total Losses Applied to Aggregate* includes flood losses.
3. Loss amounts based on payments & reserves.

Policy Period	Net Losses Incurred by ORM*	Total Losses Applied to Stop Loss Aggregate*	Losses Incurred by Excess Carrier (Excess of \$1 Million per Occurrence)*	Total Aggregate Losses Incurred by Excess Carrier (Excess of ORM \$5 Million Stop Loss Limit)*
07-01-99/00	\$4,319,225	\$4,804,368	\$487,000	-0-
07-01-00/01	\$7,139,172	\$5,000,000	\$357,461	\$1,631,802
07-01-01/02	\$5,310,158	\$1,564,378	-0-	-0-
07-01-02/03	\$10,979,544	-0-	-0-	-0-
07-01-03/04	\$11,714,467	-0-	-0-	-0-
07-01-04/05	\$1,533,939	-0-	-0-	-0-

* Stop-Loss aggregate removed beginning July 1, 2002. This information is three-years old, but the most current ORM has at this time.

Amendment No. 1 – Page 7 of 7			
PROPOSAL NO.	INVITATION FOR BID	DATE	PAGE
	SCHEDULE A		REVISED
FEC-18	UNDERWRITING INFORMATION	May 24, 2005	31 of 129

B. FLOOD COVERAGE (as of 02/25/2005)

Policy Period	Net Losses Incurred by ORM	³ Total Losses Incurred by Commercial Company	Number of Losses
⁴ 07-01-99/00	\$239,347	-0-	21
⁴ 07-01-00/01	\$1,069,363	-0-	34
⁴ 07-01-01/02	\$1,063,413	-0-	24
⁴ 07-01-02/03	\$484,453	-0-	25
⁴ 07-01-03/04	\$99,541	-0-	14

C. LOSSES OVER \$1,000,000 PER OCCURRENCE (as of 02/25/2005)

Date of Loss	Description of Loss	Total Amount of Loss
10-23-00	Fire – University Hospital	\$1,535,789
10-23-00	Business Interruption from Fire	\$1,430,906
10-03-02	Hurricane Lillie	\$3,178,000
04-30-04	Lightning strike that caused a fire that burned the Military Building	\$8,005,000

D. CURRENT BUILDING COUNTS (as of 02/25/2005)

Building Type	Coverage	Number of Buildings Covered
State Owned	Structure and Contents	8,541
Non-State Owned	Contents Only	2,966
Insured Non-State Owned	Structure and Contents (By Contract)	175

E. PROPERTY LOSSES – EXCLUDING FLOOD (as of 02/24/2005)

Policy Period	Net Losses Incurred by ORM	Total Losses Incurred by Commercial Company	Number of Losses
07-01-99/00	\$4,062,831	-0-	790
07-01-00/01	\$6,076,669	-0-	842
07-01-01/02	\$4,220,873	-0-	766
07-01-02/03	\$10,414,864	-0-	585
07-01-03/04	\$11,384,715	-0-	313
07-01-04/05	\$1,354,950	-0-	117